(b) if so, the details of the loss being suffered as a result of present mechanism;

(c) whether Kirit Parikh Committee has found shortcomings in the present mechanism; and

(d) whether the Committee has recommended to bring drastic changes in the present mechanism?

THE MINISTER OF PETROLEUM AND NATURAL GAS (SHRI MANI SHANKAR AIYAR): (a) to (d) An expert Committee under the Chairmanship of Member (Energy), Planning Commission was constituted on 12th August, 2004 to make recommendation in respect of Energy Policy. The Committee is yet to submit its report.

Asian Oil Market

118. SHRI KARNENDU BHATTACHARJEE: Will the Minister of PETROLEUM AND NATURAL GAS be pleased to state:

(a) whether any decision has been arrived at regarding India's proposal for the development of an Asian Oil Market;

(b) whether the required infrastructure is available in the country for the same; and

(c) the details of the oil market and the countries that are expected to join the Asian Oil Market?

THE MINISTER OF PETROLEUM AND NATURAL GAS (SHRI MANI SHANKAR AIYAR): (a) to (c) The scope for improving Asian markets for petroleum and petroleum products was *inter alia* discussed during the first Round Table of Asian Ministers on regional cooperation in the oil & gas economy held in New Delhi on 6th January, 2005 and attended by Ministers from India, Iran, Japan, Malayasia, Oman, Qatar, Saudi Arabia, UAE and Kuwait, besides representation from China and Korea. The issue requires careful study and detailed consideration with a view to identifying broad policy parameters that might require further consideration. The inaugural address of the Chairman and the statement by the Chairman setting out the draft conclusions of the conference, which, *inter alia*, deals with the

question of a well prepared Asian oil and petroleum products market in details. Inaugural address of the Chairman is attached as Statement. (*See* below) Chairman's statement on the conclusions of the conference is attached as statement-I. [Refer to the statement appended to the answers to Unstarred Question No. 113.]

Statement

The Inaugural Address of Chairman of Round Table Conference

Your Excellency, the co-host of this conclave, the distinguished Head of Delegation of the Emirate of Kuwait.

Your Excellencies, Ministers and Heads of Delegation from the principal Asian suppliers and consumers of petroleum,

Your Excellencies, Ambassadors to New Delhi of these countries,

Distinguished representatives of the Governments of participating countries,

Distinguished representatives of National Oil Companies and the Asian Oil Industry,

Distinguished delegates of the principal international organizations here present, our cosponsor, the Secretary-General of the International Energy Forum, the distinguished representative of the International Energy Agency, and the distinguished Acting Secretary-General of OPEC-the Organisation of Petroleum Exporting Countries,

My fellow-Minister, the distinguished Minister of State of External Affairs of India, Shri E. Ahamed, Ladies and Gentlemen, Fellow Asians,

We meet in the shadow of the terrible Tsunami tragedy that has struck our shared continent of Asia. Might I request you to please stand and observe a minute's silence in memory of the 125,000 or more who have been snatched so cruelly from our midst?... Thank you.

This is a moment that might yet be recorded as "historic" in the annals of regional cooperation in Asia. For this is the first gathering together of the principal Asian ministers charged with responsibility for the most crucial sector of the economy-petroleum and natural gas. Whether our

meeting today does get recorded as "historic" does, of course, depend on the outcome of our deliberations and of our resolves to persist on the path of such dialogue. I have little doubt, however, that it will-for in the very act of journeying to our capital you have registered your commitment to our shared destiny. Through almost all of the advancement of human civilization, it is Asia that has been in the vanguard. For the last few centuries, we fell to the sway of others. Now, once again, are we the captains of our ship and the masters of our fate. I thank you most warmly and sincerely, on behalf of our Government and all our one billion people, for having done us the unforgettable honour of being present here at the creation. Thank you, indeed.

Excellencies, in the sector of our concern, hydrocarbons, the dawn of the 21st century heralds an unprecedented, dare I say revolutionary change in international oil and gas relations. In the last quarter of the last century, Asian oil producers came into their own when OPEC secured fair and just remuneration for the most vital element of growth and prosperity-oil. Now has come Asia's turn to consume that oil-and thus fuel the resurgence of Asia as the harbinger of the further advancement of human civilization. The total consumption of the Asian countries here present almost equals the total production of the Asian Countries here present. No longer are we labouring so that others might profit. We have already emerged as the world's principal source of supply; we are emerging as the world's principal destination for the consumption of that supply. Already, some two thirds of the fossil fuel that principal producers around this table extract from the bosom of Mother Nature is bought by the principal consumers represented at this very table. That trend will only accelerate as we traverse the 21st century-the Asian Century. We are gathered here to rise to that challenge and to avail of that opportunity.

The Challenge, Your Excellencies, lies in eschewing the errors of the past. The opportunity, Your Excellencies, lies in Fashioning a more fair, more just and more remunerative oil order for all of us in Asia-in which the Asian producer is ensured a stable, secure and sustainable return for a most precious but depleting natural resource, and the Asian consumer is assured a stable, secure and sustainable regime within which to promote progress and prosperity for that deprived one-half of humankind that inhabits our shared continent of Asia. We commence here a dialogue to meet that challenge and rise to that opportunity.

How do we do so?

First let me deal with stability. Last year has seen the worst roller-coaster ride in oil prices for the better part of a generation. OPEC has behaved most responsibly through this period of turmoil and turbulence. Instead of pursuing short-term advantage, OPEC, led by its Asian memebers, has persistently striven for moderating volatility and dampening speculation. For this, OPEC and its membership have earned the world's gratitude. Moreover, OPEC's production plans give the world the reassurance that global oil supply will keep pace with booming global demands, and that over the next twenty years at least there will be no market disequilibrium to warrant any wild fluctuation in prices. If, nevertheless, volatility rather than stability has marked international prices in the last twelve months that is largely because of speculation and apprehensions-that have been mostly belied-of the fallout on oil production of exogenous political developments. The fact is that however uncertain developments in the world political order have been, the underlying global oil economy has held a steady course.

For us in Asia to convert that underlying stability in production (and the prognosis for production) into stability in oil markets, it is essential that we develop a sophisticated Asian market for petroleum and petroleum products. That is how the West converted their abundance of natural resources into abundance of production and consumption.

Unfortunately, we in Asia continue to behave as if we were still a residual consumer of Asian oil production when, in fact, we are the principal consumer.

Your Excellencies, for Asia to be the residual consumer made some economic sense when there was large and growing production on both sides of the Atlantic, on-land in the Americas and off-shore in Europe. It was in that era that Western Texas Intermediate (WTI) and Brent emerged as markers. But as the world wheels into the 21st century, WTI output is down by three-quarter compared to two decades ago and Brent output is down by two-third compared to just a decade ago-and both are set decline even further, and to decline quite precipitately at that. Meanwhile, it is Asia, from Eastern Siberia through the Caspian, Central Asia and China, to South-East Asia and to some extent even South Asia, and, if course, above all, Iran and West Asia, that is booming in both the output and throughput of oil. yet, Asia has little in terms of a global marker. And even

less in terms of a well-prepared oil and oil products market.

With a view to bringing about greater stability in Asian trade in petroleum and petroleum products, can we think in term of an Asian market.

where long-term contracts become longer,

where price discovery through the market is more transparent,

where such transparency facilitates greater stability in formulate for pricing in longterm contracts,

where spot purchases occupy a progressively larger share of market transactions,

where petroleum exchange are establishes and used,

where derivatives are integrated into market practice,

where, in short, an Asian marker emerges,

which reflects Asian realities and the real role in the global oil economy of Asian production, Asian consumption and Asian trade?

To pose the problem, Your Excellencies, is easier than to find the answers. But I do submit, Your Excellencies, that through sustained dialogue among ourselves, buttressed by dialogue among our experts and market operators, we might be able to find an Asian solution to the imperatives of Asian stability.

As for the second theme of our meeting-security-the answer there too lies in promoting mutual interdependence. Security has two aspects. One is security against unexpected disruption of supplies. As a joint emergency response mechanism, perhaps we should consider jointly building storages which would enable consumers to enjoy an uninterrupted flow of supplies and producers to enjoy an uninterrupted flow of oil revenue till normalcy is restored.

The second aspect of security relates to assurance of markets for producers and assurance of supplies for consumers. This calls for mutual interdependence through mutual investments in each other's countries by producer and consumer nations of the Asian oil community. Hitherto, we have looked West for much of the investment in Asian petroleum exploration and production, Asian petroleum refining, and Asian petroleum marketing- and in saying so I include gas as well. Now, increasingly, Asia itself is

merging as a significant source of investment in Asia. Japan is, of course, a long-established Asian investor in other Asian countries. China in the last decade, as also Malaysia, have become key players in E&P in Asia and, indeed, the world over. So has India. We are already in E&P, refining and marketing projects in more than ten countries and much of our overseas investment is in Asia. Reciprocally, in refining, we in India have been the beneficiary of investments by Iran in the Chennai Petroleum Corporation and of Qatar in LNG. These are but illustrative examples. A future beckons in which Asian countries can become major participants in the massive investments which need to be made in the Asian countries represented at this table, running to an estimated 1580 billion dollars over the next 25 years in upstream, midstream and downstream oil and gas development in all our countries put together. Investment on this humungous scale, to the extent possible mutual and reciprocal intra-Asia investment, would hugely enhance security of production and consumption for all of us around this table, for all our fellow-Asians and, indeed, for all of humankind the world over. The oil and gas sector in India welcomes the world with open arms, and reserves a particular welcome for Asian investors. Equally, we stand ready to do our share for the promotion of the global oil economy in general and the Asian oil economy in particular. We believe we should continue and intensify this dialogue in the interests of facilitating mutual investments to ensure mutual security.

The third great theme of our meeting today is sustainability. It has taken millions of years, indeed, hundreds of millions of years for Nature to create and store what we have substantially exhausted in a mere one hundred years or so. What remains we can use only if use with great care. That calls for conservation, on the one hand, and technology, on the other. Japan has shown the way to both conservation and the technology for conservation, as perhaps no other country in the world has. India has had no alternative but to conserve and innovate, although we still have a long, long way to go. China has taken significant initiatives. So has the Republic of Korea. Asian oil exporting countries have demonstrated a commendable awareness of the importance of sustainability. The time now is for us to pool together our experience, forge them into a shared, common experience, and build on that experience in concert. Sustainability in Asia calls for sustained dialogue among Asians. We stand ready and willing to place our Petroleum Conservation Research Association, the Indian Institute of Petroleum, the University of Petroleum Studies, the Energy and Research

Institute of India (TERI), our Center for High Technology, our Oil Industry Safety Directorate, Indian Oil's R&D Centre, and all our other scientific and technological research and development institutions at the service of all Asia. It is said that one in every three Information Technologists in the world is an Indian. Our achievement in petroleum technology is perhaps less spectacular. But we would be more than happy to share what we know with our fellow-Asians and even more to learn from others, above all to learn from our fellow-Asians.

As we embark on this historic initiative which will, I hope, bring us together frequently, even up to once or preferably twice a year, perhaps alternately in a net oil exporting and a net oil importing country of Asia, and perhaps progressively expanding our ambit while keeping our core intact, I welcome all of you once again to our national capital and wish you all a pleasant and fruitful stay in our midst.

Your Excellencies, I thank you, one and all.

ONGC'S investment in Sudan

119. SHRI V. HANUMANTHA RAO: Will the Minister of PETROLEUM AND NATURAL GAS be pleased to state:

(a) the quantum of oil which ONGC has extracted from the Sudan oil wells thus far;

(b) the capital invested in the Sudan oil wells by ONGC thus far;

(c) the additional funds which have to be invested in Sudan by ONGC to complete the project; and

(d) the quantum of oil which has been estimated to be in the oil wells in Sudan fields?

THE MINISTER OF PETROLEUM AND NATURAL GAS (SHRI MANI SHANKAR AIYAR): (a) A 25% Participating Interest (PI) in the Greater Nile Oil Project (GNOP) in Sudan was acquired by ONGC Videsh Ltd. (OVL) through its wholly owned subsidiary company ONGC Nile Ganga B.V. on the 12th March, 2003. Since then, OVL's share in the production from GNOP in Sudan has been as follows:

2002-03 0.18 MMT

(12th March, 2003 to 31st March, 2003)